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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	5798 ↓	-35	-0.61%	11.0	-6.45%
FTSE 100	4790 ↑	1	0.02%	13.5	-0.49%
DAX 30	4178 ↓	-11	-0.26%	15.0	-1.83%
DOW	10070 ↓	-128	-1.26%	19.5	-6.61%
NASDAQ	1904 ↓	-26	-1.36%	15.6	-8.85%
S&P	1143 ↓	-13	-1.14%	21.0	-5.67%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2961	0.6773	136.2400
Dollar	1.2961	1.0000	1.9128	105.0900
Sterling	0.6773	1.9128	1.0000	201.0200
Yen	136.2400	105.0900	201.0200	1.0000

**This Week's Research**  
CRH  
Barclays  
Standard Chartered

**Today's Research**  
INWS

### Today's Recommendations

**INWS (€2.34) iTouch stake sold for €100m Stuart Draper**

- **iTouch sale** : Independent News & Media has announced that it has agreed to sell its 37.4% stake in content provider iTouch for c.€100m in cash. The purchaser is Japanese mobile phone content provider, For-side.com Co.
- **Fair premium** : The offer of 44p per share, which the board of iTouch plans to recommend to shareholders, is a 26.6% premium to iTouch's Wednesday's closing price of 34.75p. The sale price is a return of over 300% on the original cash investment of INWS in iTouch, with the proceeds being used for general corporate purposes and to enhance its publishing brands.
- **Advertising revenue** : INWS' 2004 growth of 12% was driven by c.10% circulation growth, helped by the launch of "tabsheet" editions in the UK and Ireland, as well as over 10% growth in advertising revenue. The results showed that circulation gains are a positive lead indicator for advertising revenue.
- **London Independent** : However, despite the major circulation gains made by the London Independent, its profitability only improved modestly. Also, with the consensus forecast already expecting further 13% eps growth in 2005 to 16c, there may be limited scope now for further positive earnings surprises.
- **FX effect** : The strengthening of the FX rates for the Australian and New Zealand dollars, and the South African Rand, versus the Euro, over the course of 2004, also helped these results, but such a translation boost from these commodity currencies is unlikely to be repeated in 2005.
- **Indian acquisition** : In December 2004, INWS announced the €25.5m acquisition of a 26% stake in Indian newspaper publisher, Jagran Prakashan Ltd., which publishes the Hindi-language daily, Dinik Jagran, India's largest selling daily newspaper with 16.4m readers daily. The deal follows recent changes to India's foreign ownership legislation in the media sector, which now enables foreign companies to acquire up to 26% of Indian publications. The acquisition will be financed from Independent's existing cash balances, but is only likely to be modestly earnings enhancing in 2005.
- **Target achieved** : When our target price for INWS of €2.30 was achieved in recent months, we downgraded our recommendation from BUY to NEUTRAL. With the shares currently trading at 14.6x consensus 2005 eps of 16c, we re-iterate this recommendation on the expectation that the group's earnings growth rate will start to slow in 2005 : **NEUTRAL**.

### Breaking News

#### US stocks hit by economic concerns

US stocks slid on Thursday, after a report showed the economy grew at its slowest pace in two years during the first quarter, oil edged higher and earnings from companies including Exxon Mobil disappointed Wall Street. The combination of negative news sent the Dow, S&P 500 and Nasdaq down by more than 1 percent and pushed the Nasdaq to its lowest close since October. Exxon, the world's largest public oil company, fell 4 percent and weighed on the Dow after its profit missed analysts' expectations as production declined. A government report showed that GDP grew in the first quarter at an annual rate of 3.1 percent, lower than expected, as consumers and businesses felt the pinch of rising energy prices.

#### Microsoft profit up, issues strong outlook

Microsoft Corp. on Thursday gave a positive outlook for the upcoming business year despite failing to meet its own and Wall Street revenue targets. Quarterly profit nearly doubled as legal costs fell dramatically, and sales of server software for networked computers and the Xbox video game console stood out in the latest quarter. Future sales would be supported by a "strong product pipeline," said a Microsoft spokesperson. Microsoft is set to unveil the next generation of its Xbox console on May 12 on MTV, and the company detailed new features this week of a major upgrade to Windows, code-named Longhorn, that is due out in 2006.

#### Greencore: WTO confirms that EU sugar subsidies are illegal

The Irish sugar industry has been dealt a blow today by the World Trade Organisation ruling against the EU over illegal exports. The ruling issued in Geneva confirmed an earlier decision that the EU has been illegally exporting too much subsidised sugar. Brussels had attempted to overturn last year's finding by a panel of trade judges that several million tonnes of surplus EU sugar output, so-called "C" sugar, which should be exported without subsidies, was in fact benefiting from state aid.

### Business Press

- Pace of growth slowed in US in first quarter (WSJE)
- Mercedes star fades for Daimler-Chrysler (WSJE)
- Nationwide says house prices to grow 2% in 2005 (FT)
- GSK reaches deal with FDA (FT)
- IAWS Co-op in move towards €300m float (II)

### Investment Press— Lex

- **UK pharmaceuticals**: It is no secret that the world's big drug companies are carrying plenty of fat. The surprise is how long it has taken them to cut into it. Now, however, they are making up for lost time.



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